Ticker : 3675 (TSE Prime)

Cross Marketing Group

Cross Marketing Group Inc.

Presentation material for Investors

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1 FY6/2024 Q1 Financial Results Outline

Executive Summary

Summary 1

- **Q1 (July to September) revenue of 6.76 billion yen (up 20%) and operating profit of 360 million yen (return to profitability)**
- **Thanks to a recovery in business performance and the effect of new consolidated companies, revenue reached a record high for a Q1**

Summary 2

- **Digital Marketing Business: Revenue and profit increased on the back of solid performance by existing businesses and the effect of new consolidated companies**
- **Two research businesses (Data Marketing and Insight): Profit rose in both businesses due to strong performance from online research in Japan and recoveries in the US and the UK**

Summary 3

- **No change to FY2025/6 full-year performance forecast**
- **Aiming for revenue of 30 billion yen and operating profit of 3 billion yen**

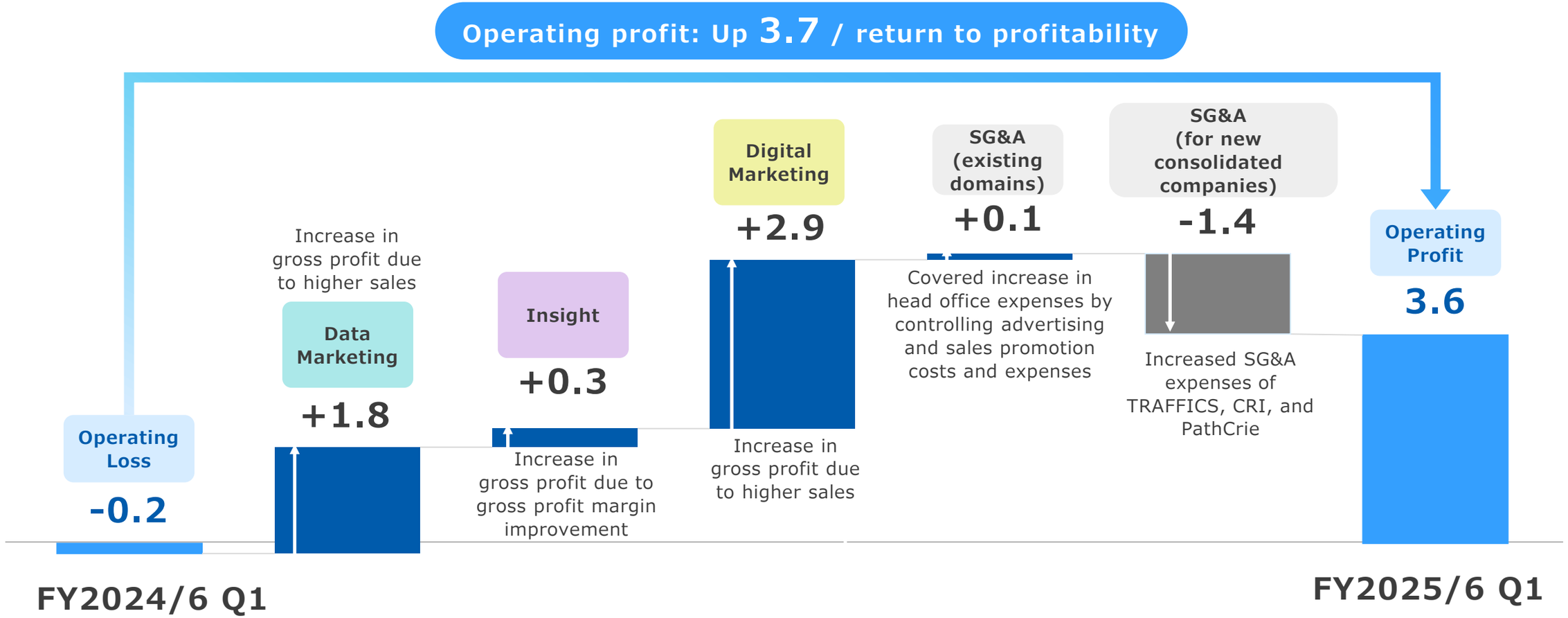
Digital Marketing and Data Marketing drove revenue growth
Increased revenue and gross profit margin absorbed higher SG&A, and operating profit recovered to 360 million yen

(JPY 100 Million)	FY2024/6 Q1 Results	FY2025/6 Q1 Results	FY2025/6 Q1 YoY Growth Rate	Reference: Full year Growth Rate Forecast
Revenue	**56.3**	**67.6**	**+20%**	**+15%**
Digital Marketing Business	22.0	30.8	+40%	+22%
Data Marketing Business	19.6	23.0	+17%	+14%
Insight Business	14.7	13.8	-6%	+4%
Gross Profit (Gross Profit Margin)	**20.2** (35.9%)	**25.2** (37.3%)	**+25%** (+1.4pt)	–
SG&A	**20.4**	**21.7**	**+6%**	–
Operating Profit (Operating Profit Margin)	**-0.2** (–)	**3.6** (5.3%)	**Return to profitability** (–)	+63%

Factors Behind Fluctuations in Operating Profit (YoY)

Gross profit increased in all segments

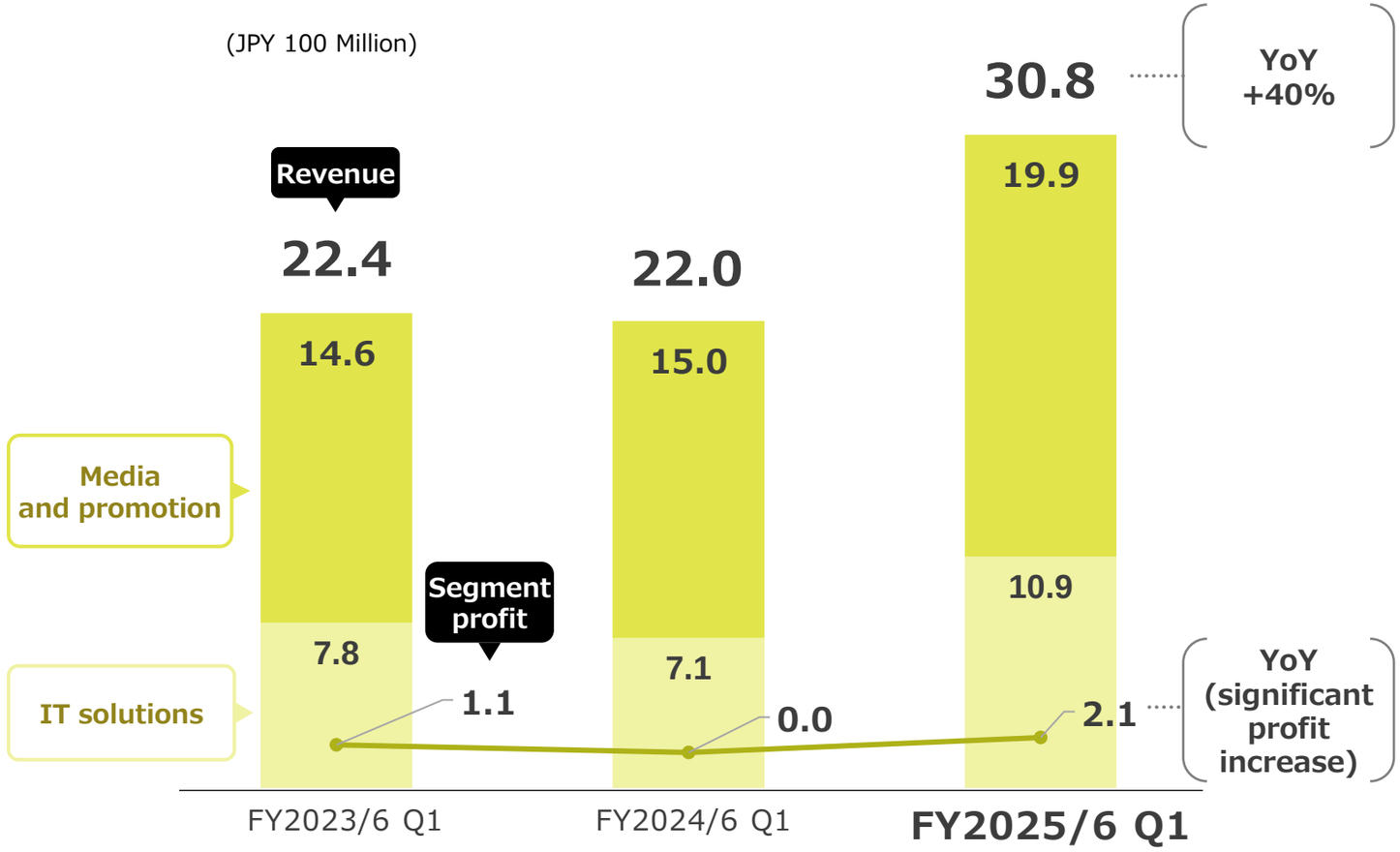
This absorbed the higher SG&A of new consolidated companies, and operating profit recovered to 360 million yen



Revenue up 40%, segment profit improved
Driver was high-growth businesses plus effect of new consolidated companies

Highlights

- Revenue in the media and promotion domain increased 33%. This reflected strong growth in influencer marketing and IP promotion. Newly consolidated TRAFFICS* and PathCrie* also contributed.
- Revenue in the IT solutions domain increased 50%. Newly consolidated CRI* contributed significantly.
- Segment profit improved. Gross profit increased in line with revenue growth, and this covered the increase in SG&A due to the effect of new consolidated companies.



*TRAFFICS Co., Ltd.: Operations include event management, outsourcing, and creative production. Consolidated from January 2024.
PathCrie Inc.: Operations include third-party logistics in the e-commerce domain. Consolidated from May 2024.
Creative Resource Institute Co., Ltd. (CRI): Operations include dispatch of directors/engineers and advertising production. Consolidated from April 2024.

Revenue up 17%, segment profit up 2.1 times
Demand for online research remained strong in Japan, and overseas revenue recovered significantly

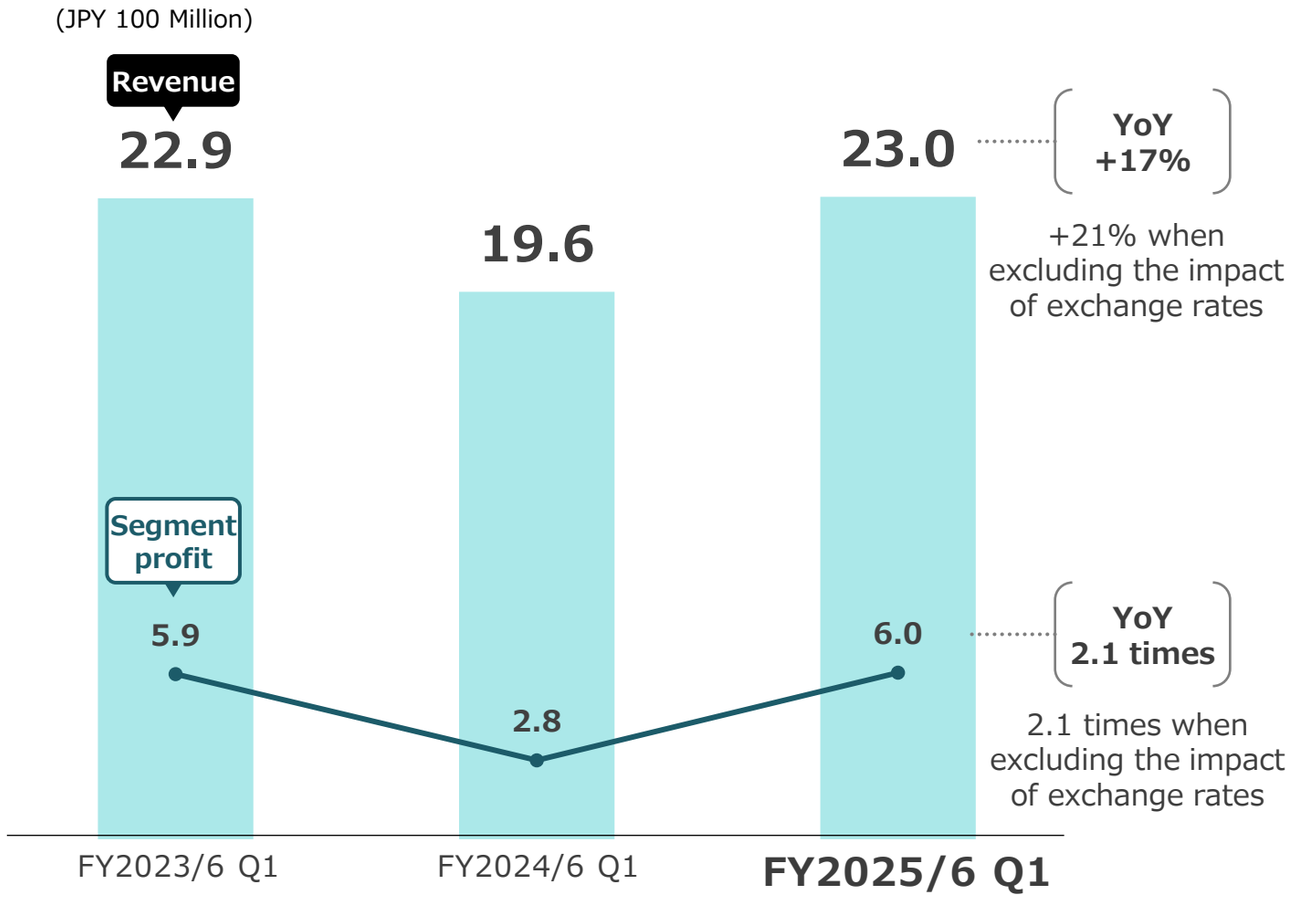
Highlights

- Revenue in Japan increased 17% YoY. Demand for online research was strong. By industry, communication, consulting, food, automobiles, entertainment, etc. were the drivers.
- Overseas revenue increased 19% YoY. In the mainstay North American market, demand recovered significantly.
- Segment profit expanded due to an increase in gross profit in line with revenue growth.

Exchange rate impact

- The effect of exchange rate fluctuations*1 reduced revenue by 40 million yen but had minimal impact on profit.

*1 Compared to the actual exchange rate in Q1 of the fiscal year ended in June 2024.



Revenue down 6%, segment profit unchanged YoY

Sluggishness in the domestic medical field caused a decline in revenue, but profit increased due to a higher gross profit margin and control of SG&A

Highlights

- Overseas revenue increased 10%. Revenue in the UK recovered. Food-related revenue grew.
- Overall revenue fell, but segment profit was unchanged YoY due to a higher gross profit margin.

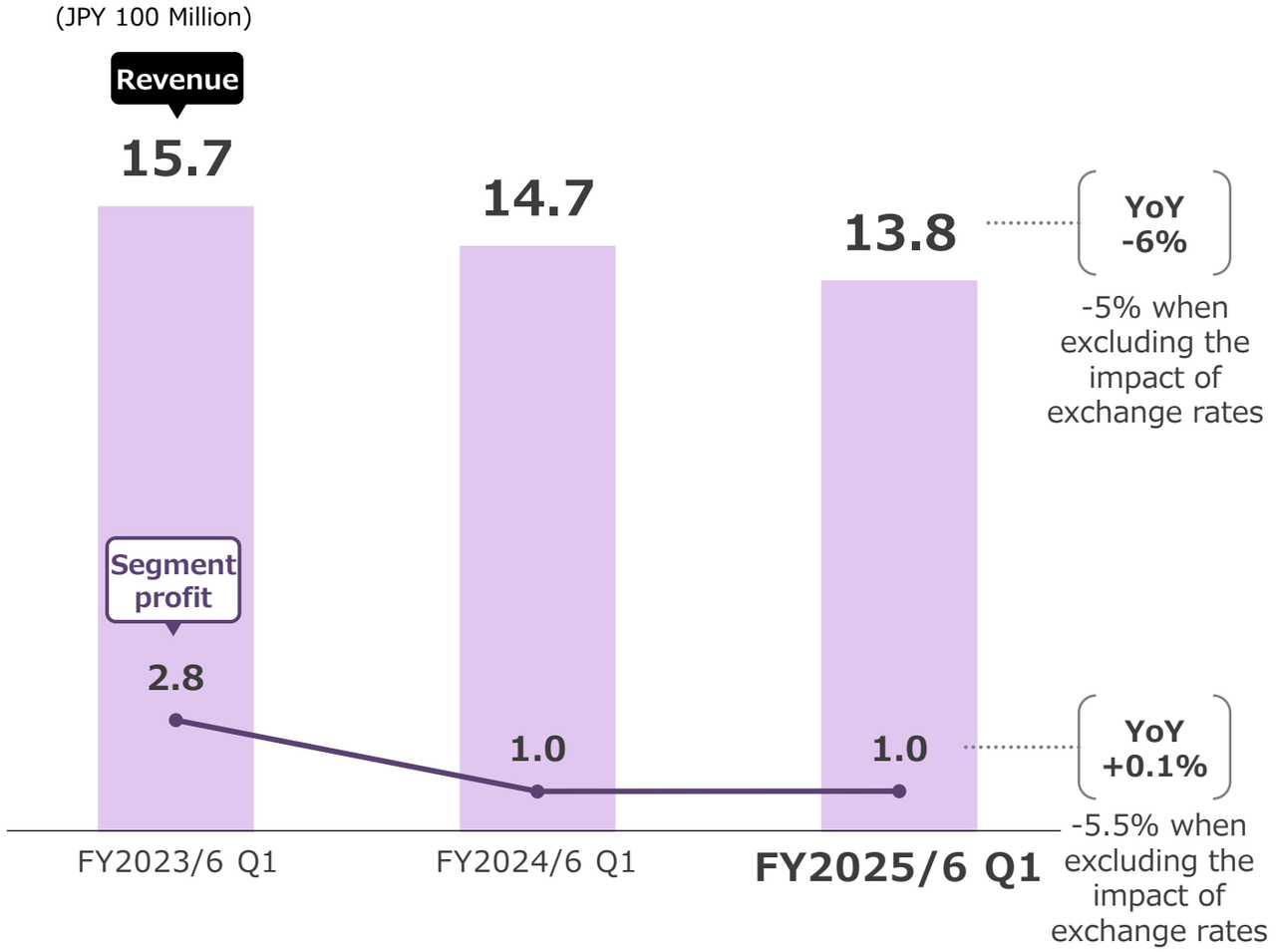
Lowlights

- Revenue in Japan declined 12%. Research in the medical/health-care field struggled.

Exchange rate impact

- The effect of exchange rate fluctuations*1 boosted revenue by 10 million yen but had minimal impact on profit.

*1 Compared to the actual exchange rate in Q1 of the fiscal year ended in June 2024.



(Reference) Trends in Revenue for Overseas Subsidiaries

Total overseas revenue increased 16%
Revenue in North America and the UK recovered significantly

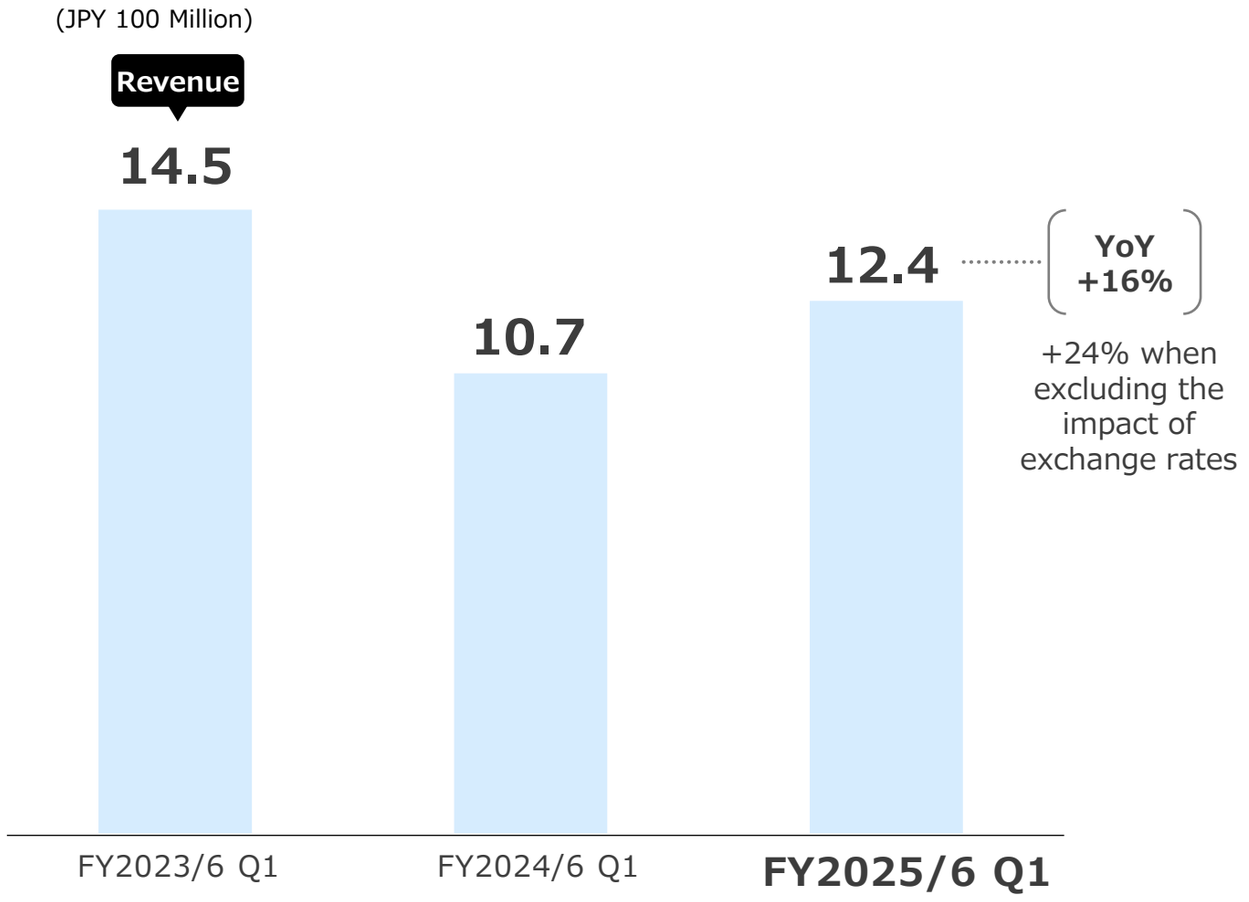
Highlights

- Revenue in North America and the UK continued to recover. Revenue from research companies, information and communication, food, etc. grew.
- Revenue from India rose sharply. Revenue from beverages, research companies, etc. grew.

Exchange rate impact

- The effect of exchange rate factors*1 reduced total overseas revenue by 30 million yen.

*1 Compared to the actual exchange rate in Q1 of the fiscal year ended in June 2024.



2 Topics

REECH Inc.

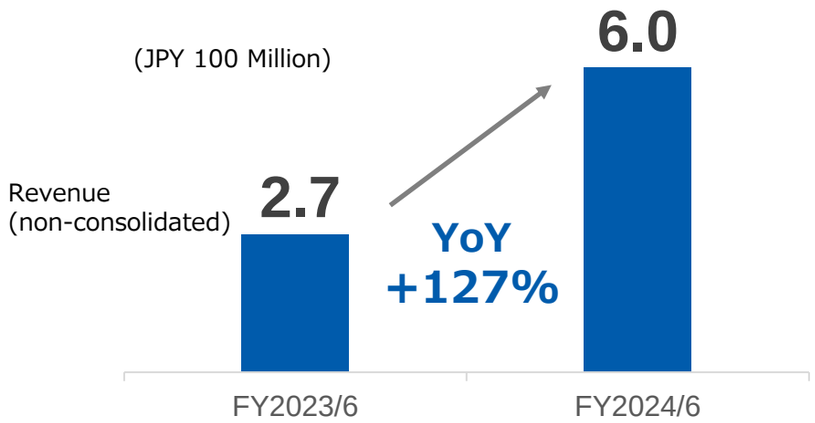
Provides database tools that connect influencers and companies

REECH

Business operations

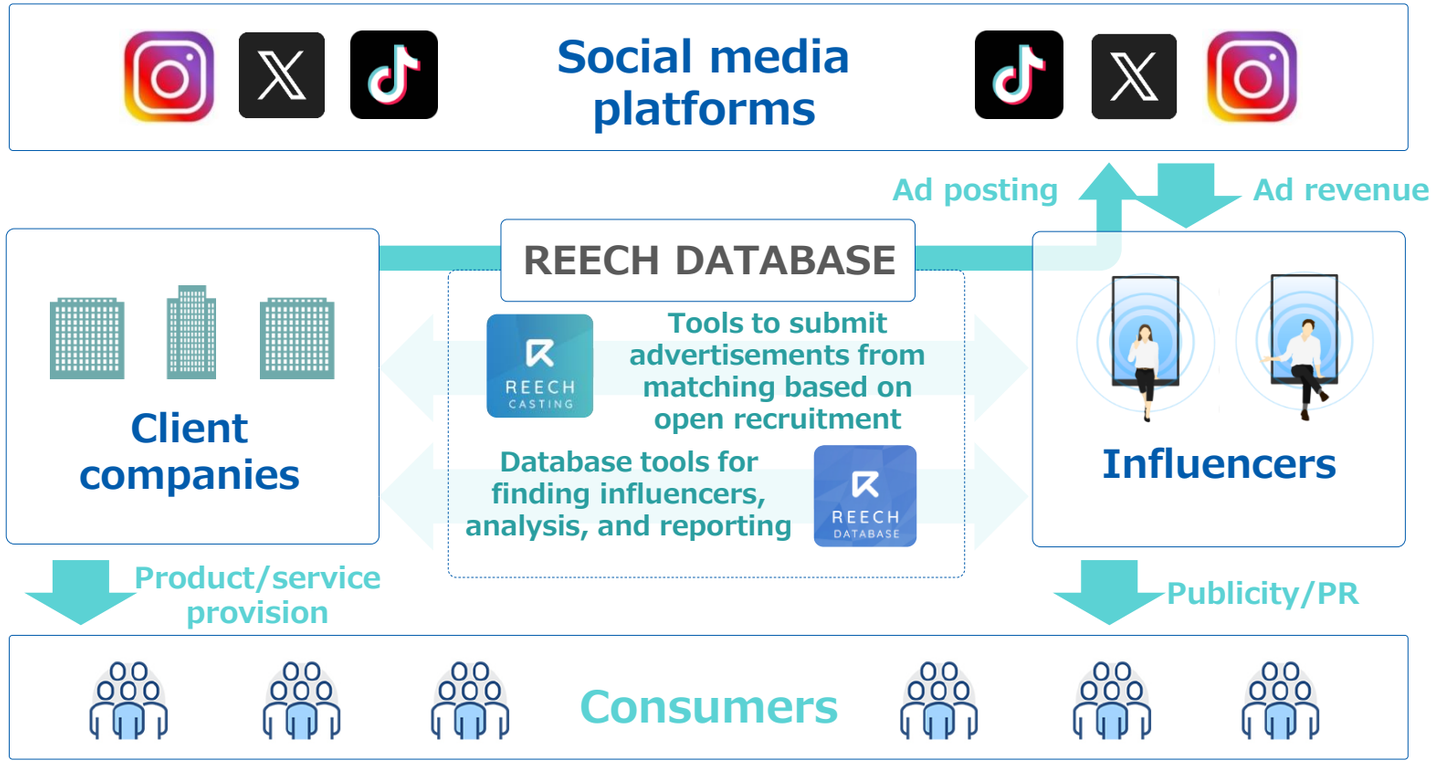
(1) Marketing support using **"REECH Data Base," a proprietary database** built with data obtained from social media
(2) Promotion support using **influencers**

- Acquired shares in March 2022 and started consolidating profit and loss in April 2022
- Expected to continue expanding due to growth of social media platform advertising and increases in numbers of social media users and influencers



Business (1): Database marketing

- ✓ Proprietary database, **"REECH Data Base,"** built with data obtained from social media platforms Instagram, YouTube, TikTok, and X, amasses **huge volumes** of post data.
- ✓ From this data, it is possible to gauge performance and trends, and then propose ways of boosting the topicality and reach of social media campaigns.



Topic: Overview of High-growth Business Domains - Excerpt from REECH Marketing Material

Business (2): Influencer promotion support

Utilization of **influencer data from over 400,000 accounts/over 250 million posts**

Insourcing
Reducing costs through the insourcing (bringing in-house), streamlining, and automation of influencer marketing

Number of followers ≠ level of influence
Based on attributes, past posts, and engagement data,
suggest **influencers who can deliver results**

More than 200 PR campaigns per year
Able to provide casting and direction technology based on track record of numerous PR campaigns

Examples of use



Emphasizing appeal of original recipes

- Wanted to suggest new ways of enjoying pasta sauce

Hired TikToker in the food and cooking space
Went viral on social media
Some posts got over 4.8 million views



Campaign announcement

- Wanted to increase product awareness
- Wanted to publicize a campaign at the same time

Hired YouTuber who makes content for children and parents
While raising product awareness, drew viewers to the campaign



Increasing awareness of new product

- Wanted to boost awareness of new product
- Wanted to hire influencer for key visual

From key visual shooting and production to posting by the influencer
Key visual was also used for storefront product promotion

Tokyo Gets Co., Ltd.

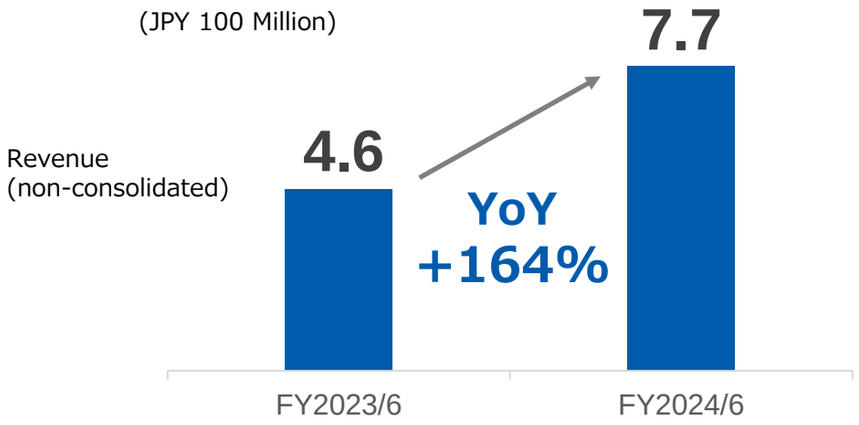
Support for corporate promotions, events, and merchandising utilizing entertainment content

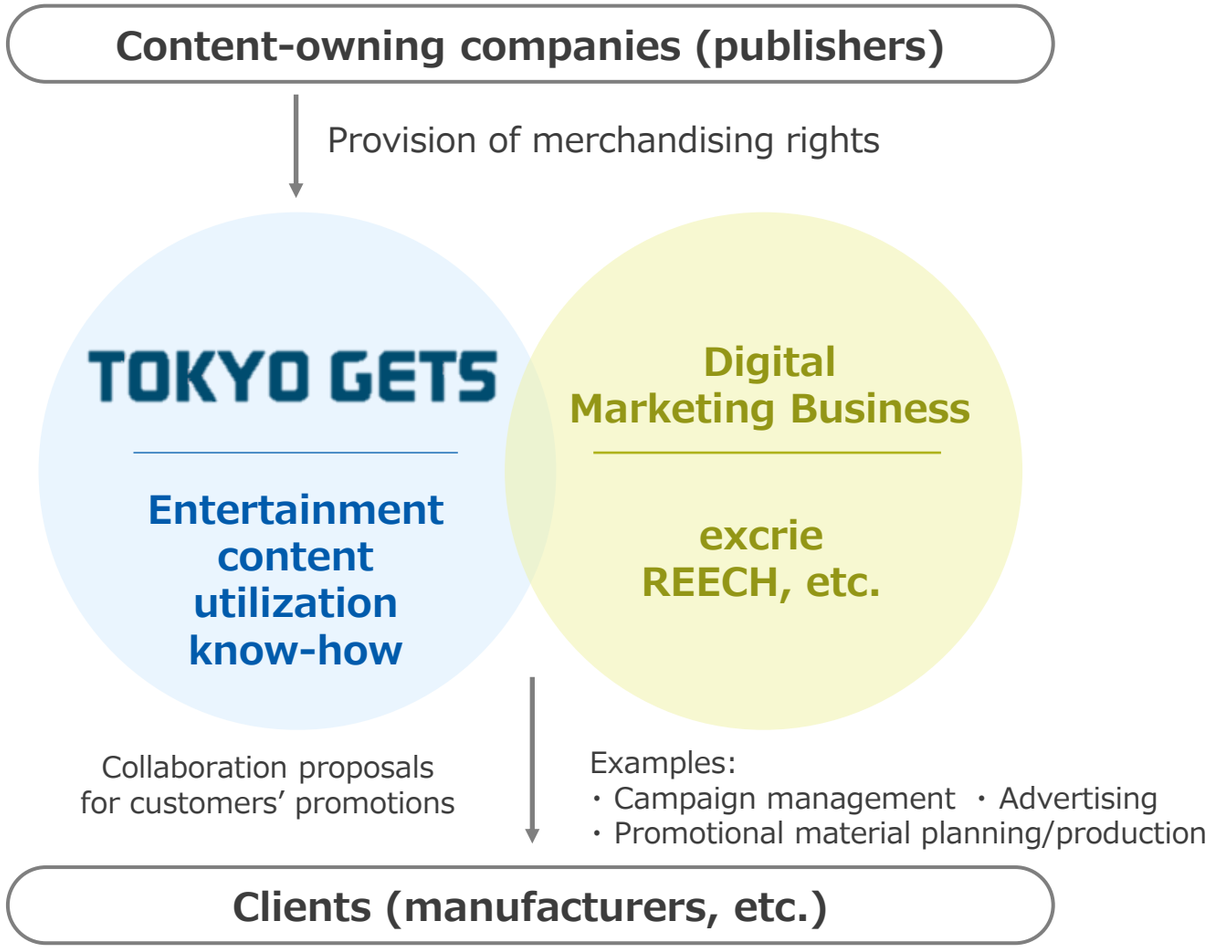
TOKYO GETS

Business operations

IP promotion support business

- Acquired shares in May 2023 and started consolidating in July 2023
- Utilizes entertainment content for promotion, etc. One-stop support from planning proposals to negotiations with copyright holders





Topic: Overview of High-growth Business Domains - Excerpt from TOKYO GETS Marketing Material

TOKYO GETS

Features/ strengths

- ✓ Facilitating tie-ups between promotion plans and IP content that has a high consumer focus and is closely related to the product concerned
- ✓ Leveraging the topicality, attention-grabbing ability, and purchase-inducing power of content to enhance outcomes from various strategies. Availability of one-stop support from planning proposals to negotiations with copyright holders

Topicality
Creating a buzz thanks to the renown of the content and the activities of the fans
Also attractive to retailers

Reach and purchase-inducing power
Rapidly diffused via fan networks
Offering of gifts and merchandise stimulates the desire to buy

Track record of more than 1,100 tie-ups

Campaign management | In-store/storefront promotional materials | Gifts | Influencers | Advertisements

Examples of use



Creating a buzz for a new product

- ➢ With a new product to be released, wanted to create a buzz through collaboration with content suited to the target of men in their 30s-40s.

20,000 reposts on social media in two months
Became a hot topic among fans



Generating sales instantaneously

- ➢ Wanted to boost the percentage of consumers aware of the product, as it had been sagging
- ➢ Wanted to generate sales instantaneously when exposure in stores increases

Became a hot topic immediately after the start of the campaign
Collaboration packaging proved so popular that additional production was needed



Support with negotiations for distribution

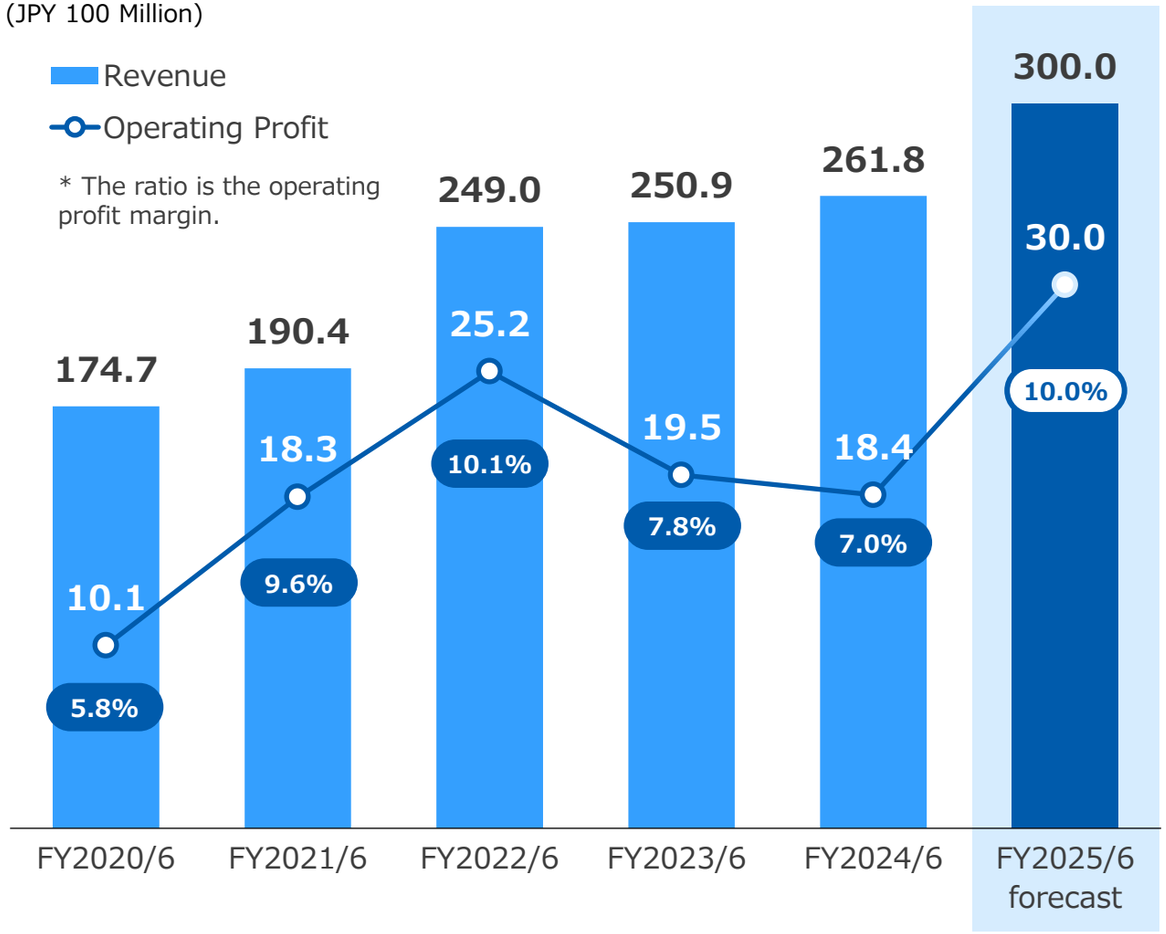
- ➢ Was difficult to secure shelf space because product wasn't well known
- ➢ Through collaboration with topical content, wanted to obtain an advantage in negotiations for distribution to increase the percentage of stores carrying the product

Brushed major rivals aside and secured six facings
Greatly contributed to increasing store penetration

3 Forecast & Shareholder Returns

Full-year Earnings Forecast for FY2025/6

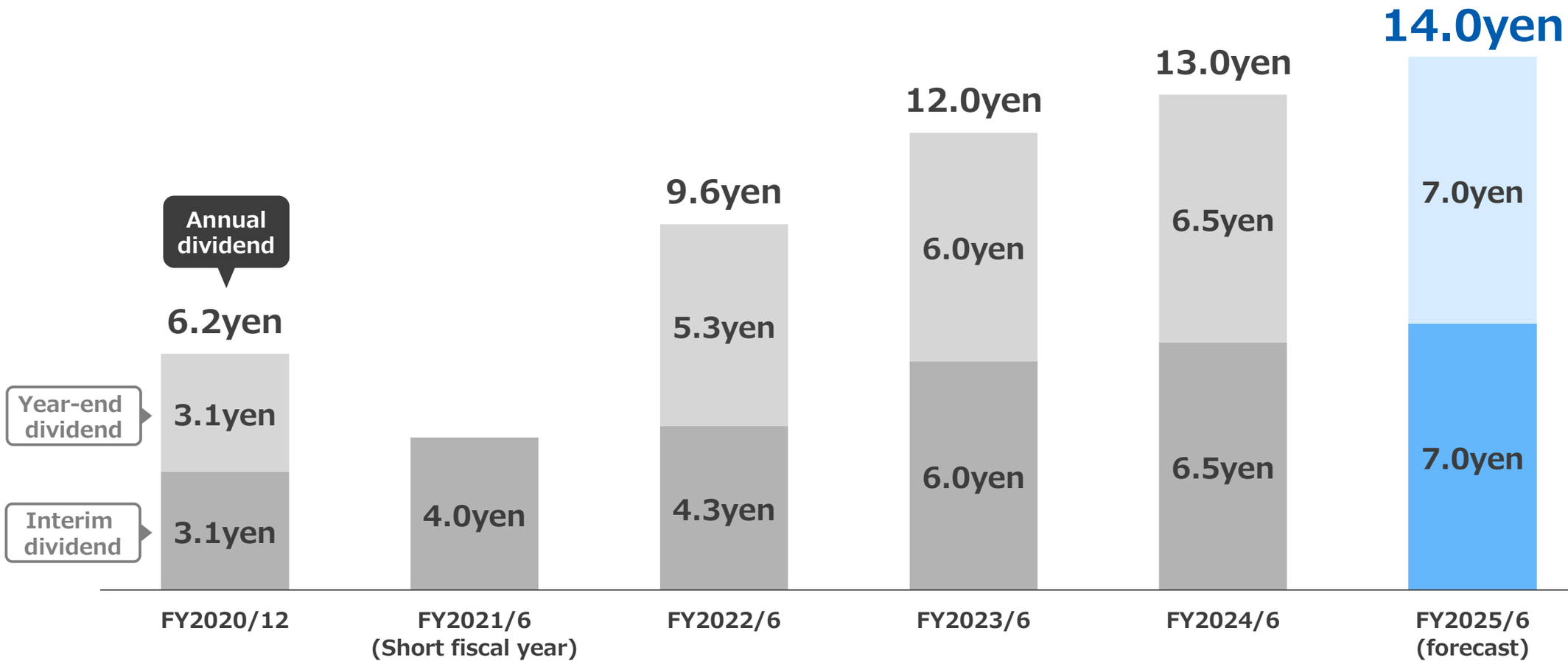
No change to Medium-term Management Plan and final year earnings targets
Targeting revenue of 30 billion yen (+15%) and operating profit of 3 billion yen (+63%)



(JPY 100 Million)	FY2024/6 Actual	FY2025/6 Forecast	YoY
Revenue	**261.8**	**300.0**	**+15%**
Digital Marketing	106.6	130.0	+22%
Data Marketing	88.1	100.0	+14%
Insight	67.1	70.0	+4%
Operating Profit	**18.4**	**30.0**	**+63%**
Ordinary Profit	**19.1**	**29.0**	**+52%**
Net Income Attributable to Owners of the Parent	**11.9**	**18.0**	**+51%**
EPS	**62.1**	**93.6**	**+51%**
Dividends Per Share (yen)	**13.0**	**14.0**	**+1.0**

Dividend Forecast

Dividend policy:
Continue to increase dividends with a target dividend payout ratio of approximately 15%
We expect to pay 14.0 yen in the fiscal year ending in June 2025
(Interim dividend: 7.0 yen, year-end dividend: 7.0 yen).



4 Company Overview

Company profile（As of September. 30, 2024）

Company name	Cross Marketing Group Inc. (ticker：3675, TSE Prime)
President & CEO	Miki Igarashi
Established	April 1, 2003
Key financial indicators(Yen) -FY2024/6-	Total Sales 26.2bn Operating Profit 1.8bn億円 ROE 18.2% Total Assets 16.6bn Net Equity 7.1bn Capital 650mn
Business Segments	Digital Marketing, Data Marketing, Insight
Affiliated Companies	Consolidated subsidiaries : 30 companies Equity method affiliates : 1 companies
Consolidated Employees	1,686(Incl. 209 temporary staff)



Miki Igarashi

Profile

1973 Born in Tokyo
1996 Graduated from the Faculty of Economics of Keio University
1996 Joined Japan Asia Investment (a VC)
2000 Established an Internet company and was appointed as director
2003 Established Cross Marketing
2008 Cross Marketing was listed on the Mothers section of the Tokyo Stock Exchange
2018 Listing changed to First Section of the Tokyo Stock Exchange
2022 Listing moved to Prime Section of the Tokyo Stock Exchange

External Positions

RareJob, Inc.
Outside director

Japan Marketing Research Association
Chairman

mission

Discover
Something
New.

未来をつくろう。

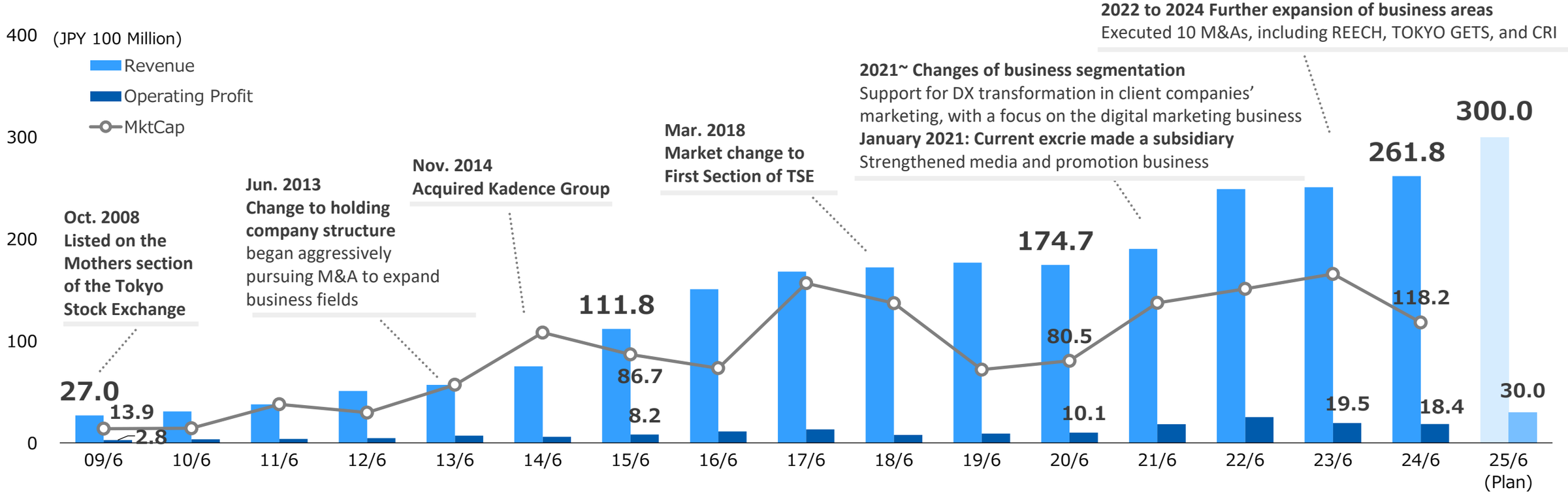
Our wish is for customers' success.
In identifying issues, in planning solutions, and in presenting proposals.
Everything is to achieve the customer's dream. To approach the envisioned future.
The process is exciting. The goals make the heart pump.
Clear the path, lead the way to tomorrow, and create the future.
That is the Cross Marketing Group's mission.

From our founding business as an Internet research company, we have promoted aggressive expansion of our business domain.
Going forward, we aim to make a leap forward to become a Marketing DX Partner that leads the businesses of customers to success through the power of digital technology.



Expand business fields by establishing subsidiaries and M&A, and extend further into areas of expertise

Executed 23 M&A transactions for 37 companies* in Japan and abroad



- Marketing solutions (acquisition of current excrie)
- Overseas expansion (establishment of local companies in China and Singapore, acquisition of Kadence International)
- IT Solutions (acquisition of business for Cross Communication, acquisition of current Alterna Ex Inc.)
- Marketing Research (Started marketing consulting, acquisition of R&D, establishment of Medilead Inc., acquisition of Shoppers Eye)

*As of June 30, 2024

Business Segments and Major Group Companies

Cross Marketing Group

Digital Marketing

FY2024/6 Revenue 10.66 billion yen
Revenue composition 40.7%

Marketing media operations, digital promotion, app development/maintenance/operations, human resource services, etc.

Cross Communication
excrie
Cross Propworks
ALTERNA ex
Norfre
REECH
TOKYO GETS
MDIU
TRAFFICS
PathCrie

Data Marketing

8.81 billion yen
33.7%

Supporting customer decision-making in marketing activities through data collection centered on online methods

withwork
Cross Marketing
medilead
MetaSite
Kadence International
ENVIROSELL JAPAN

Insight

6.71 billion yen
25.6%

Efforts such as consulting to solve problems, understanding consumers, and discovering the "why?" of consumers to support customer decision-making

Panel network consisting of

13,742,171 people*

Detailed profiles in a maximum of

2,500 categories



*As of September 30, 2024

Data analytics technology and organization of

about 300 analysts



Internet research system and organization of

over 250 engineers



Extensive customer base across

a wide range of industries



Utilization of large-scale network in a wide range of services tailored to client needs

Digital Marketing

Use of panels in promotion projects

Data Marketing

Primarily used in Internet research projects

Insight

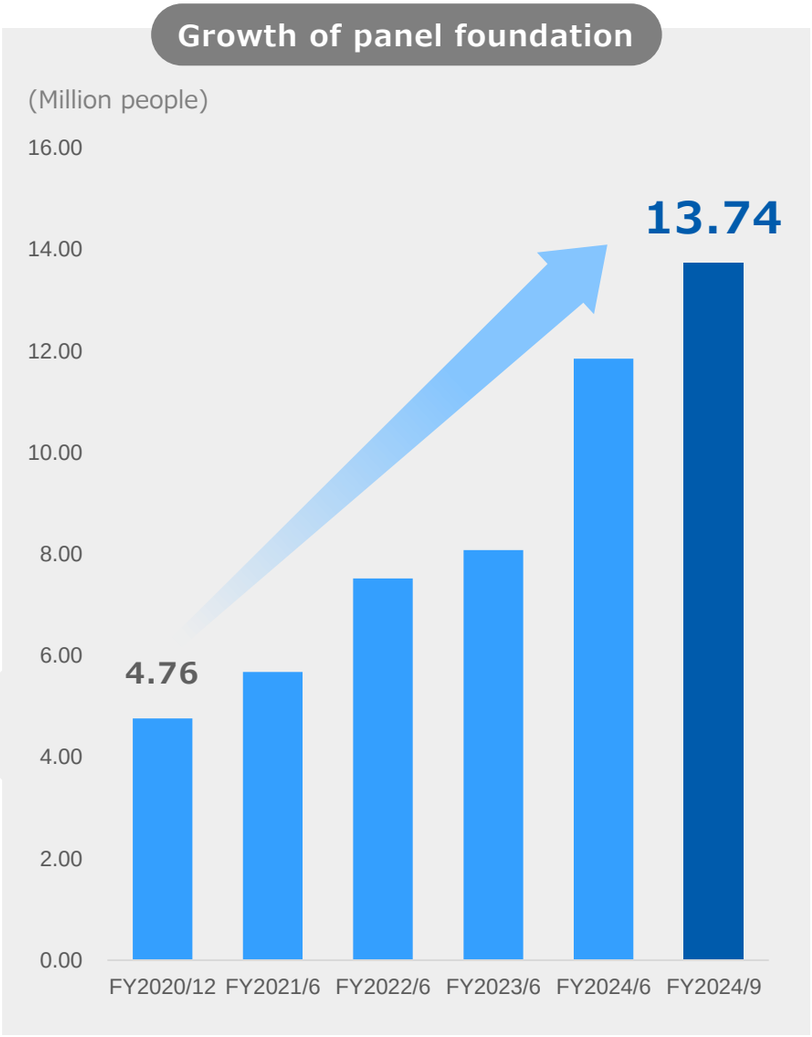
Use in research projects such as interviews

Panel network of 13.7 million people

Detailed profiles in a maximum of 2,500 categories

Tie-up with about 30 companies

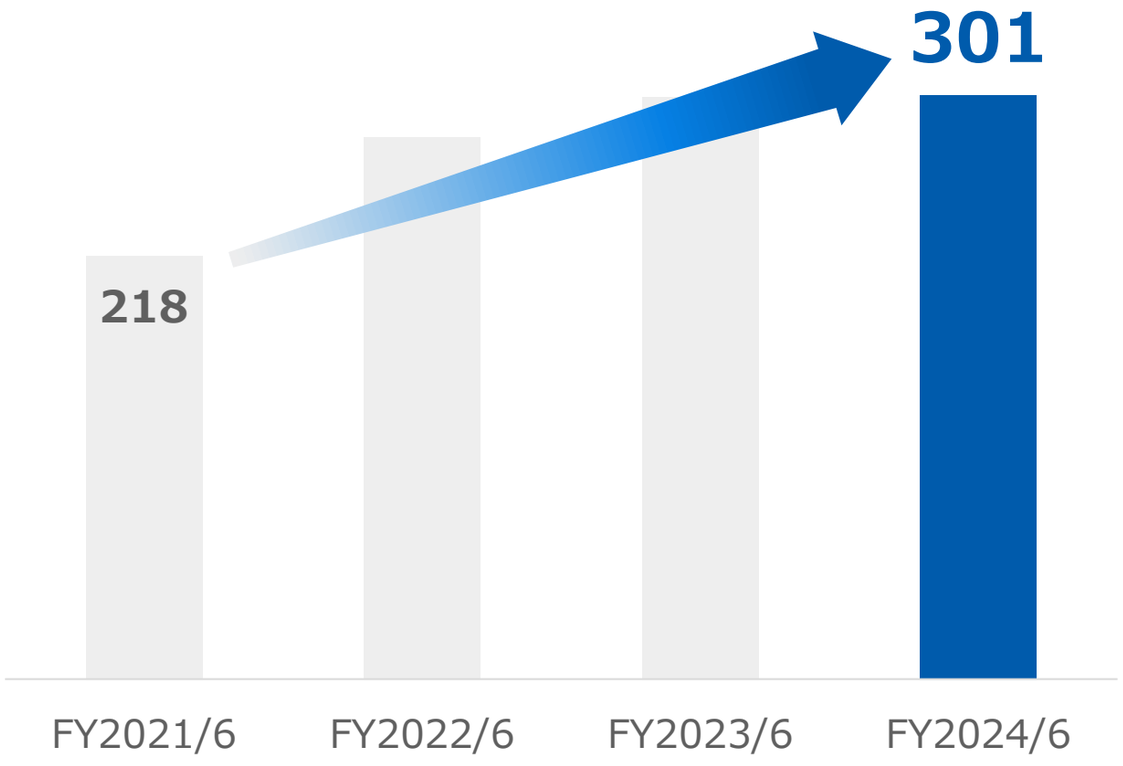
リサーチパネル　Loyalty Marketing, Inc.　dジョブ



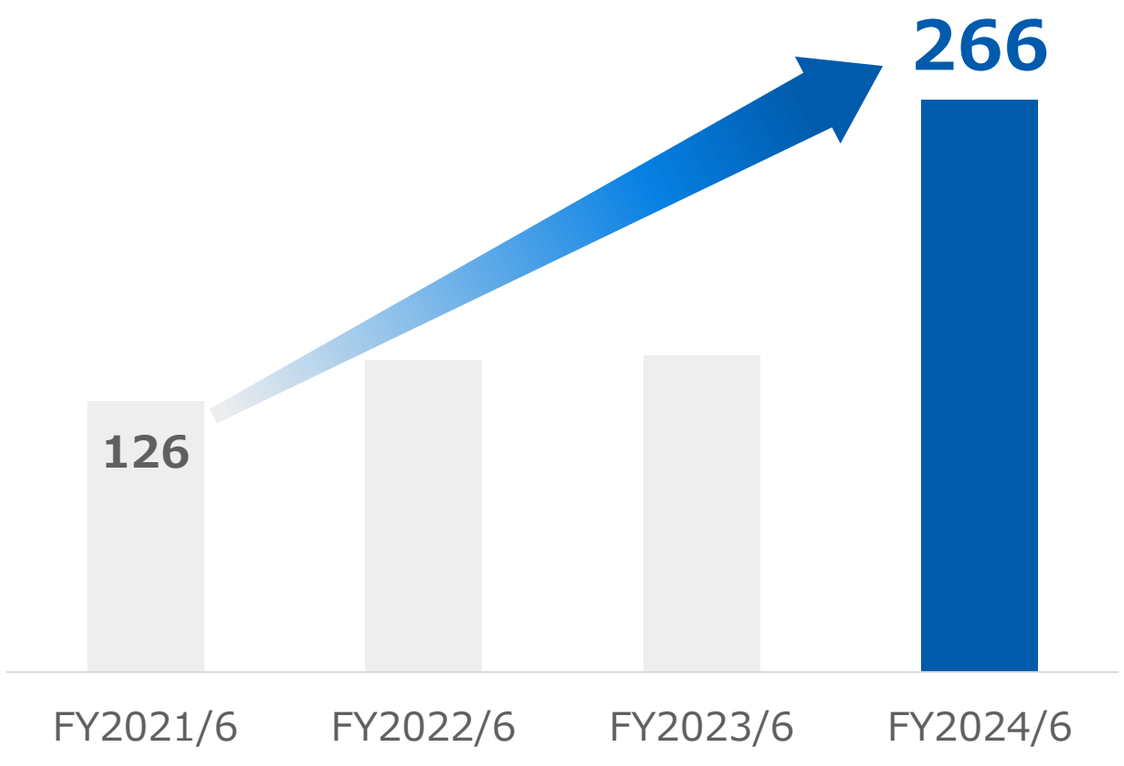
Expansion of human resource base: steady growth in the number of analysts and engineers

Strengthening our ability to support diversifying customer needs through M&As and internal development

Number of analysts

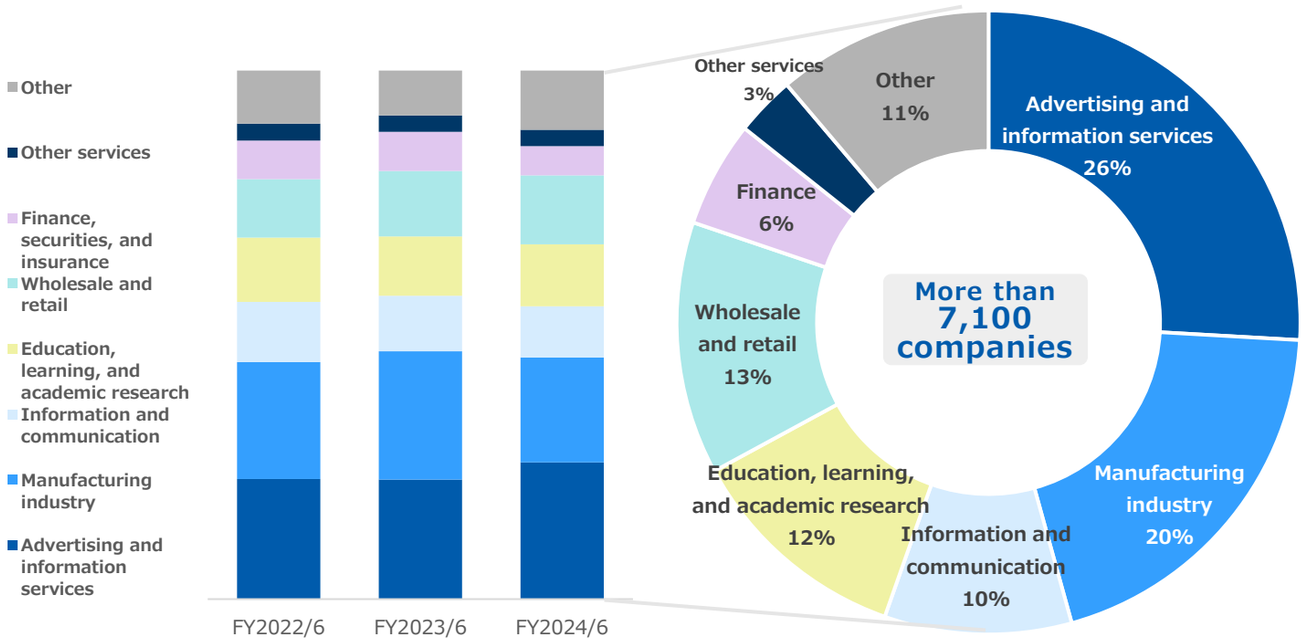


Number of engineers



Customer base of more than 7,100 companies per year (an increase of approximately 500 companies YoY), spread across a wide range of industries
Engaged in a business that is not heavily dependent on specific customers

Revenue composition by customer industry



Overview of major customers and revenue composition (FY2024/6)

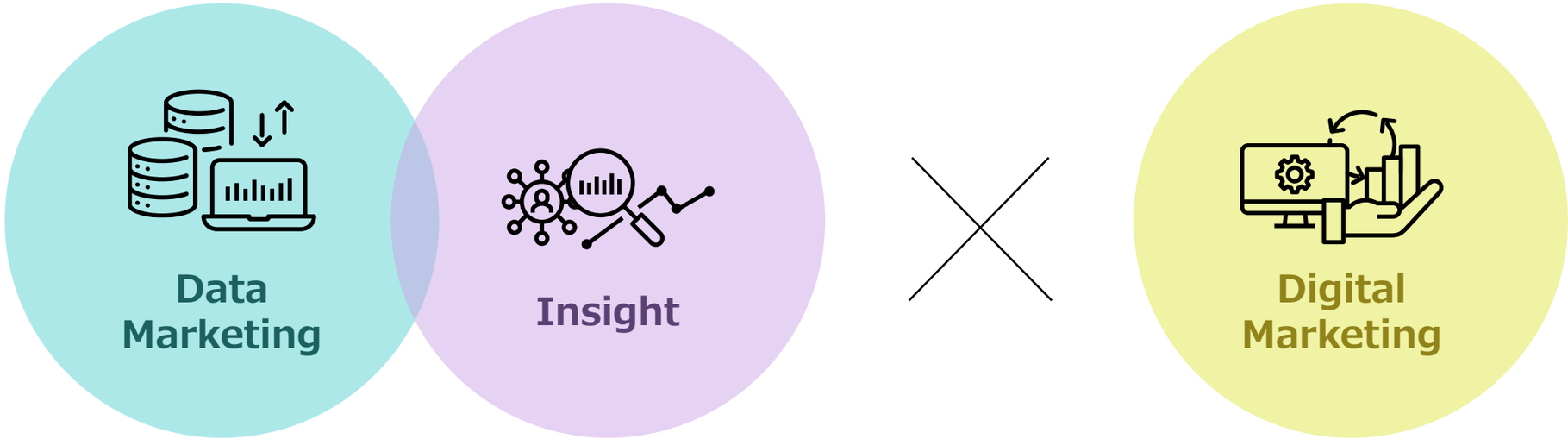
	Industries of major customers	Revenue (Million yen)	Composition of total revenue
1	Other services industry	402	1.5%
2	Communication industry	347	1.3%
3	Manufacturing (FMCG*) industry	284	1.3%
4	Information services industry	275	1.0%
5	Information services industry	233	0.9%
	・		
	・		
	Top 10 companies total	2,693	10.3%
	・		
	Top 100 companies total	9,016	34.4%
	・		
	Top 300 companies total	13,043	49.8%

*FMCG is an abbreviation for "fast-moving consumer goods," which refers to products that sell relatively quickly such as beverages, food and cosmetics (daily consumables).

**By combining research (understanding consumers)
with marketing implementation support,
we can provide added value that leads directly to business promotion and growth
for client companies.**

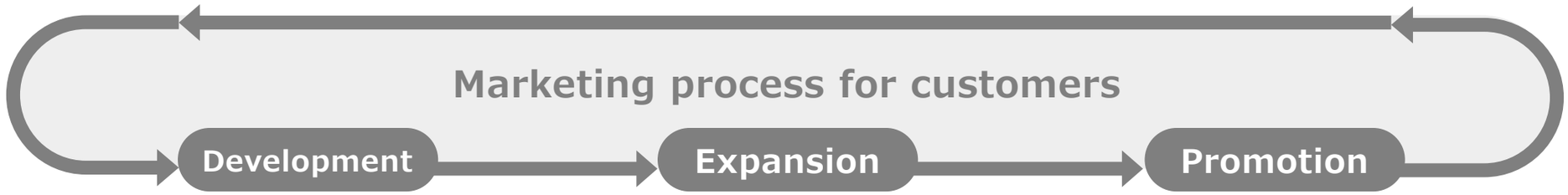
Research Function

Marketing implementation support



**Comprehensive marketing solutions
based on data and understanding**

In the customer's marketing process, we offer one-stop services for the process of carrying out measures, in addition to collecting data from consumers and analyzing and understanding this data.



Data Marketing
Efficiently collects data on consumers

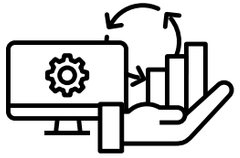
Insight
Analyze and understand consumers' "why?"

Digital Marketing
Implementation support based on data and understanding

*Consumers' "why?": Fundamental factors driving spending behavior that consumers aren't even aware of

Digital Marketing Business −Media and promotion−

Operation of sales promotion support media, and development of Internet advertising services



Total support from planning to execution and data measurement of customers' marketing initiatives

Providing sales promotion services combining data, technology, and the Internet

excrie

Sales promotion support media

もらえる・ためせる®
モラメ.net
レシート投稿で毎日のお買い物にお得とハッピーを
テンクメ!

Internet advertising



Questionnaire ads
Questionnaire-style article ads



Data-driven programmatic advertising

REECH

Social media marketing

TOKYO GETS

IP collaboration

PathCrie

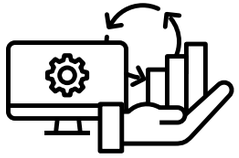
Third-party logistics

Panel network consisting of 13.74 million affiliates



Digital Marketing Business −IT solutions−

Support for implementation of customers' marketing strategies



Providing system and application development, operations, maintenance, IT employee support/outsourcing

Major Businesses

Cross Communication

Planning, development, and operation of mobile/smartphone websites and systems



Smartphone securities application development
Daiwa Connect Securities Co., Ltd.

Banking application development
Sony Bank Inc.

ALTERNA ex

Recruitment support agency for engineers, marketers, and creators

Creative Resource Institute

Director and engineer temporary staffing business
Brand planning
Sales promotion
Advertising production business

Data Marketing Business

Internet-based Questionnaire Surveys



Efficient data compilation through Japan's largest network of panels

Largest in the industry
Panel network of 13.7 million people
Detailed profiles in a maximum of 2,500 categories



Insight Business

Analysing and understanding consumer insights based on Fact Finding

Consulting to solve customers' marketing issues

In-depth research and analytical reporting based on consumer data/facts



Group interviews incl. CLT carried out annually

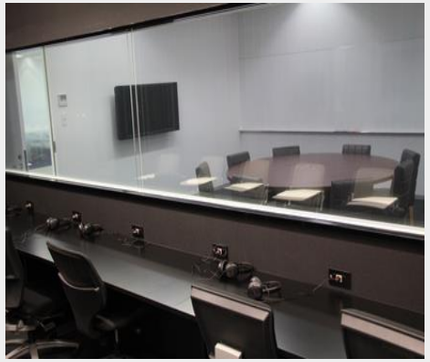
About 1,000 projects



CLT room where cooking is possible (Ningyocho)



Overseas fieldwork base (India)



Facilities in Japan (Hatsudai area of Shinjuku; Ningyocho)

Kadence Group

Research centers in North America, Europe, and Asia

Consumer data is efficiently compiled

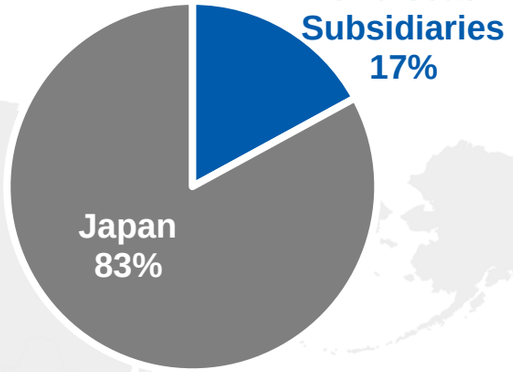


Analysis and understanding of consumer insights



Services provided by Group companies with expertise and bases in 10 countries around the world

FY 2024/6 Composition ratio of sales



Cross Marketing | medilead | ENVIROSELL | Kadence International | MetaSite | withwork

5 Appendix

Fact Sheet(www.cm-group.co.jp/ir)

Consolidated Profit and Loss

(JPY 100 Million)	FY2024/6 Q1	FY2025/6 Q1	YoY Growth Rate
Revenue	**56.3**	**67.6**	**+20%**
Gross Profit	**20.2**	**25.2**	**+25%**
(Gross Profit Margin)	(35.9%)	(37.3%)	(+1.4pt)
SG&A	**20.4**	**21.7**	**+6%**
(SG&A Ratio)	(36.2%)	(32.1%)	(-4.2pt)
Operating Profit	**-0.2**	**3.6**	**Return to profitability**
(Operating Profit Margin)	(–)	(5.3%)	(–)
Ordinary Profit	**-0.6**	**3.0**	**Return to profitability**
Extraordinary Gains	**0.0**	**0.0**	**–**
Income Taxes	**0.8**	**1.5**	**+94%**
Net Income Attributable to Owners of the Parent	**-1.4**	**1.4**	**Return to profitability**

1 **Sharp increase in revenue**
Revenue increased in all segments.
Domestic and overseas consumer surveys and promotions saw strong demand.
Effect of new consolidated companies also contributed

2 **Improvement in gross profit margin**
Gross profit margin increased in all segments

3 **Slight increase in SG&A**
Due to new consolidated companies.
However, the SG&A ratio decreased

Consolidated Balance Sheet

(JPY 100 Million)	End of Jun. 2024	End of Sep. 2024	Changes
Current Assets	**127.6**	**115.8**	**-11.7**
Cash & Deposits	73.8	61.4	-12.4
Notes & Accounts Receivable	38.5	37.3	-1.2
Other	15.3	17.1	+1.8
Non-current Assets	**38.7**	**38.3**	**-0.4**
Goodwill	12.3	11.7	-0.6
Other	26.4	26.7	+0.3
Total Assets	**166.3**	**154.2**	**-12.1**
Current Liabilities	**58.7**	**51.0**	**-7.7**
Accounts Payable	12.3	12.3	–
Short-term Debt*	16.3	15.4	-0.9
Other	30.1	23.3	-6.8
Non-current Liabilities	**36.8**	**34.7**	**-2.1**
Long-term Debt	33.5	31.0	-2.5
Other	3.3	3.7	+0.4
Net Assets	**70.8**	**68.5**	**-2.3**
Equity Ratio	**42.6%**	**44.4%**	**+1.8pt**

*Short-term Debt including Long-term Debt, returned within one year

1 **Cash and deposits of 6.14 billion yen**
Decreased due to debt repayment etc., but was sufficient for investment in business growth, etc.

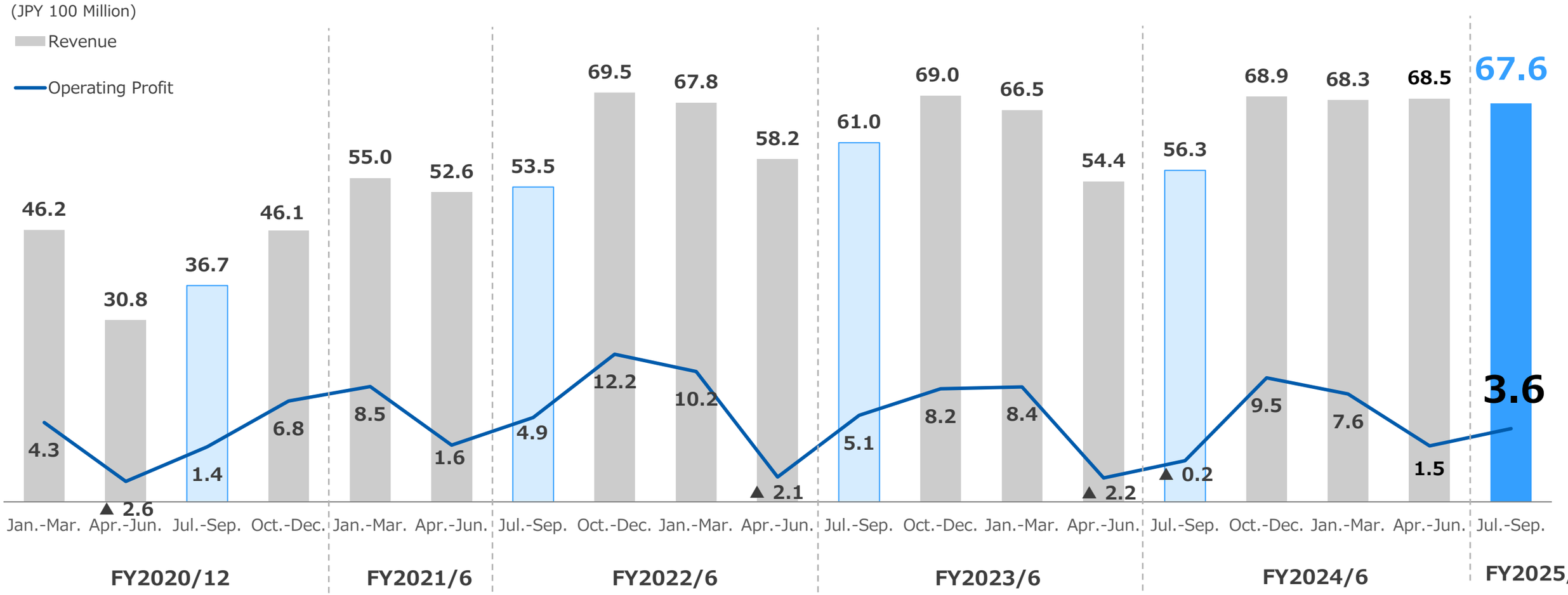
2 **Balance of goodwill decreased**
Made progress in amortization of goodwill of consolidated subsidiaries

3 **Decrease in other accounts payable and debt**
Income and consumption taxes payable decreased, and short-term and long-term debt was repaid

4 **Equity ratio of 44.4%**
Slightly increased from the end of the previous period, and secured healthy levels

Quarterly Fluctuations in Revenue and Operating Profit

FY2025/6 Q1: Revenue reached a record high for a Jul.-Sep. quarter



Cautionary Statement regarding the Material

The Purpose of this document is to provide information on business performance and not to solicit investment in securities issued by the company. The opinions and forecasts contained in this document are based on the judgment of the Company at the time this document was prepared, and it is subject to change in the future.

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